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Reciprocal Compensation for CMRS Providers	) CC Docket No. 96-98
	) CC Docket No. 95-185
	) WT Docket No. 97-207

COMMENTS OF BELLSOUTH

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SUMMARY

Sprint PCS is asking the Commission to provide "guidance" to state commissions implementing the Commission's reciprocal compensation rules for transport and termination of traffic between wireline and CMRS providers. The "guidance" that Sprint PCS seeks is in reality a rule change. The Commission's existing rules are clear, and do not support the relief requested by Sprint PCS.

Specifically, Sprint PCS seeks a declaration by the Commission that its entire CMRS network (excluding the handset) plus spectrum acquisition costs constitute "additional costs" that CMRS providers are entitled to recover in reciprocal compensation rates charged to wireline carriers. Sprint PCS ignores the Commission's ruling defining "additional costs" as that portion of the "economic cost of end office switching that is recovered on a usage sensitive basis." The Commission expressly excluded the cost of line ports and loops from reciprocal compensation. The Commission's rules also clearly define "termination" as involving the terminating carrier's end office switch "or equivalent facility." By asking that the cost of its entire network be included in rates for reciprocal compensation, Sprint PCS is asking that customers of wireline carriers be obliged to pay for not only the loop plant in the wireline network, but also the loop equivalent plant in the wireless network. Sprint PCS makes no attempt to justify a policy creating such disparate treatment between competing carriers. The Commission's rules strongly favor symmetrical reciprocal compensation for sound policy reasons.

State commissions need no "guidance". The examples cited by Sprint PCS show that state commissions are applying the FCC's rules accurately by treating "equivalent facilities" consistently and by maintaining regulatory parity between wireline and wireless providers.

The legal analysis and white paper submitted by Sprint PCS both begin with the false premise that the statutory term "additional costs" is synonymous with the economic concept of "traffic sensitive" costs. Contrary to that premise, the Commission knowingly adopted a more restrictive definition of "additional costs." By assuming that all costs that can be classified as "traffic sensitive" are "additional costs," Sprint PCS simply ignores the Commission's *Order*. The economics of wireline carrier loops and the loop equivalents in wireless networks are essentially the same. They should be treated the same for reciprocal compensation purposes.

Sprint PCS also ignores the requirement that only "the forward-looking costs for a network efficiently configured and operated by the carrier other than the incumbent LEC" can be used to justify asymmetrical reciprocal compensation rates. To the extent that CMRS providers choose to deploy a network that costs many times that of the incumbent LEC, the Commission's rules would preclude the inclusion of those costs for purposes of reciprocal compensation. Actual technology choices by providers do not determine the costs to be used for reciprocal compensation purposes. Sprint PCS has made no attempt to show that its technology choices satisfy the Commission's rules regarding a forward-looking, most efficient, least cost network.

Sprint PCS also seeks to justify inclusion of its loop-equivalent costs by characterizing them as "shared resources." Whether resources are dedicated or shared is irrelevant for reciprocal compensation purposes. Many of the elements of the wireline network are "shared resources." The cost of structures such as trenches, poles and conduit are "shared" by multiple units of service, multiple customers and multiple services. Indeed, in a wireline network, any facilities beyond any point of concentration are, by definition, "shared." Nevertheless, the Commission has excluded the cost of these shared facilities for reciprocal compensation purposes. The Commission should treat wireline and wireless technologies consistently.

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BellSouth Corporation hereby submits its comments in response to the "request for clarification" filed by Sprint PCS. BellSouth Corporation is a holding company that owns both wireline and wireless subsidiaries. BellSouth's position in this docket therefore reflects what it believes to be an appropriate balance between wireline and wireless interests.

Sprint PCS seeks guidance on the specific costs that commercial mobile radio service (CMRS) providers are allowed to recover through reciprocal compensation paid by incumbent local exchange carriers (ILECs). The Commission issued a Public Notice on May 11, 2000, DA 00-1050, seeking comment on the issues raised by Sprint PCS. As BellSouth shows below, the relief sought by Sprint PCS is anticompetitive and contrary to sound public policy. Furthermore, the Commission's rules and orders are clear that Sprint PCS is not entitled to the relief it is seeking.

I. Background.

On February 2, 2000, Jonathan M. Chambers of Sprint PCS filed an ex parte letter and an attached legal memorandum requesting that the Commission provide "guidance" to state commissions regarding requests by CMRS providers for asymmetric reciprocal compensation.

Sprint PCS argues that the entire network of CMRS providers (excluding handsets) are "additional costs" that should be included in calculating the reciprocal compensation to be paid by ILECs to CMRS providers. On April 7, 2000 Sprint PCS submitted a "white paper" prepared by Charles River Associates (CRA) supporting its position. As shown below: 1) the proposal of Sprint PCS is contrary to sound public policy, 2) no guidance is necessary; and 3) the legal and economic analyses submitted by Sprint PCS are highly misleading and do not justify the relief sought.

II. The proposal of Sprint PCS is contrary to sound public policy.

In the *Local Competition First Report and Order*[1] *(Order)* the Commission established rules to implement the market-opening requirements of Sections 251-252 of the Telecommunications Act of 1996. The *Order* defined the statutory terms "transport and termination of traffic"[2] and "additional cost" in Section 252(d)(2) of the 1996 Act. The Commission specifically found that "transport" and "termination" describe distinct uses of the network (*Order* ¶¶ 1039, 1040) and that the term "additional cost" in Section 252(d)(2)(A)(ii) includes only those costs that vary "in proportion to the number of calls terminated over these facilities" (*Order* ¶ 1057). The Commission expressly held "only that portion of the forward-looking, economic cost of end-office switching that is recovered on a usage sensitive basis constitutes an 'additional cost' to be recovered through termination charges." (*Id.*). The local loop and line ports associated with local switching were excluded from the definition of "additional costs" that are included in the development of reciprocal compensation rates.[3] In an

[1] *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, 11 FCC Rcd 15499 (1996).
[2] *See* 47 C.F.R. Sec. 51.701(c) and (d).
[3] Paragraph 1057 of the *Order* provides: "We find that, once a call has been delivered to the incumbent LEC end office serving the called party, the 'additional cost' to the LEC of

accompanying footnote, the Commission stated that any costs that result from inadequate loop capacity are not considered "additional costs."[4] Thus, the Commission fully recognized that it was defining the statutory term "additional costs" in a more restrictive manner than a true economic definition of "forward looking economic cost."

The Commission expressed a strong preference favoring symmetrical reciprocal compensation rates based on the additional costs incurred by the ILEC to transport and terminate traffic. (*Order* ¶ 1085 et seq.) Indeed, in the absence of an extraordinary showing by the connecting carrier, symmetrical rates are mandatory.[5] The Commission found that a symmetrical rate "gives the competing carrier correct incentives to minimize its own costs of termination because its termination revenues do not vary directly with changes in its own costs." (*Order* ¶ 1086) The Commission directed the states to establish a strong presumption favoring symmetrical rates, and provided standards for connecting carriers to follow when asking the state commission to establish asymmetric rates.[6] (*Order* ¶ 1089) The rules require a carrier seeking

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terminating a call that originates on a competing carrier's network primarily consists of the traffic-sensitive component of local switching. The network elements involved with the termination of traffic include the end-office switch and local loop. The costs of local loops and line ports associated with local switches do not vary in proportion to the number of calls terminated over these facilities. We conclude that such non-traffic sensitive costs should not be considered "additional costs" when a LEC terminates a call that originated on the network of a competing carrier. For the purposes of setting rates under Section 252(d)(2), only that portion of the forward-looking, economic cost of end-office switching that is recovered on a usage-sensitive basis constitutes an "additional cost" to be recovered through termination charges." (Emphasis added.)

[4] *Order*, ¶ 1057, fn. 2532: "The duty to terminate calls that originate on the network of a competitor does not directly affect the number of calls routed to a particular end user and any costs that result from inadequate loop capacity are, therefore, not considered 'additional costs'." The Commission did not distinguish between the ILEC network and that of connecting carriers in making this holding.

[5] *See* 47 C.F.R. § 51.711.

[6] 47 C.F.R. § 51.711 (b) provides, in pertinent part: "A state commission may establish asymmetrical rates for transport and termination of local telecommunications traffic only if the carrier other than the incumbent LEC … proves to the state commission on the basis of a cost

asymmetrical reciprocal compensation rates to submit to the state commission a forward-looking economic cost study. Asymmetrical reciprocal compensation is justified only when the cost of the connecting carrier exceeds the cost of the incumbent LEC. This requirement clearly implies that the portion of the two carriers' networks used in the cost calculation will be defined consistently. Indeed, the definitions of both "transport" and "termination" refer to the incumbent LEC's end office switch and the "equivalent facility" of the connecting carrier.[7]

It is against this background that Sprint PCS claims that a CMRS provider should be allowed to charge an ILEC asymmetrical reciprocal compensation rates that include the entire cost of its network (excluding the handset) plus the cost of obtaining spectrum. Sprint PCS largely ignores the policy implications of its proposal. Sprint PCS seeks an unearned competitive advantage for CMRS providers. Its proposal would eliminate the incentive in the current system for both carriers to minimize their costs. It would also favor one technology over another. Wherever the Commission draws the line between traffic-sensitive and non-traffic sensitive costs, the line should be drawn at the same place in ILEC and CMRS networks. So long as the Commission draws the line at the ILEC end office switch, it should draw the line at the mobile switching center in the CMRS provider's network.

Sprint PCS is asking that ILEC customers bear the cost of not only the loop plant in the ILEC network, but the loop equivalent plant in the CMRS provider's network. These expenses are not currently included in the ILEC local rate structure or design, and would raise numerous

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study using forward-looking economic cost based pricing methodology described in §§ 51.505 and 51.511, that the forward looking costs for a network efficiently configured and operated by the carrier other than the incumbent LEC ... exceed the costs incurred by the incumbent LEC ... and, consequently, that such a higher rate is justified." (Cited in part by CRA at 7.)

[7] *See* 47 C.F.R. § 51.701(c) and (d).

cost recovery and wireless surcharge issues.[8] By contrast, the customer of the CMRS provider would be relieved of responsibility to cover the cost of the loop-equivalent facilities in the CMRS network. These costs are currently recovered in the CMRS provider's contracts with their end-users. Allowing CMRS providers to recover these costs from the ILECs and/or ILEC customers would result either in double recovery or an unearned competitive advantage for the CMRS provider. There is no sound policy reason to tilt the competitive playing field so flagrantly in favor of CMRS providers.

Sound public policy mandates that the Commission promote competition, not use regulation to favor the interests of one set of competitors at the expense of others. The Commission must interpret the statutory term "additional costs" in a consistent manner if regulatory parity is to be maintained. The existing rules, as interpreted by the state commissions, do just that.

III. No "guidance" to the State commissions is necessary.

Sprint PCS claims that state commissions "have encountered some difficulty" in applying the Act and the Commission's rules. To the contrary, in the examples cited by Sprint PCS, the state commissions have acted in accordance with Section 51.701(c) and (d) by treating "equivalent facilities" in a consistent manner and by maintaining parity between wireline carriers and CMRS providers in determining what constitutes "additional costs" eligible for reciprocal compensation. The state commissions need no "guidance" to properly apply the Commission's rules.

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[8] *See* In re Calling Party Pays Service Offering in Commercial Mobile Radio Services, WT Docket No. 97-207, Declaratory Ruling and Notice of Proposed Rulemaking, released July 7, 1999 at ¶¶ 69-73 (discussing the need for rule changes and cost recovery mechanisms, and recognizing that existing interconnection agreements would "need to be renegotiated if wireless carriers sought to establish asymmetrical rates for compensation.")

Sprint PCS is clearly asking the Commission to change the rules, not to provide "guidance" for the benefit of state commissions. If Sprint PCS wants to change the rules, it should petition for rulemaking. The Commission should promptly reject this back-door attempt to change the rules without a rulemaking proceeding.

IV. The legal analysis and CRA White Paper submitted by Sprint PCS are highly misleading.

Both the legal analysis and the CRA White Paper start with the premise that the statutory term "additional costs" is synonymous with the economic concept of "traffic sensitive" costs. They then proceed to argue that the entire CMRS provider's network (except handsets) is "traffic sensitive" and therefore constitutes "additional costs" that should be recovered through reciprocal compensation rates charged to the ILECs.[9] Contrary to the Sprint PCS' premise, the Commission knowingly defined the statutory term "additional costs" more restrictively than an economic definition of "traffic sensitive" costs. By assuming that all costs that can properly be defined as "traffic sensitive" are entitled to be recovered as "additional costs" from the ILEC, CRA simply ignores the Commission's *Order*.

CRA's economic analysis can be reduced to a frequently misunderstood economic dictum—in the long run all costs are variable.[10] First, while all costs may be avoidable or controllable in the long run (the appropriate interpretation of the term "variable" in the dictum),

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[9] The fundamental premise relied upon by CRA is stated on page 9 of the White Paper: "The rationale used by the Commission is clearly stated: *all* traffic sensitive costs and *only* traffic sensitive costs should be included in the additional costs of termination." No authority is cited for this statement. To the contrary, the *Order* at ¶ 1057 expressly noted that only a "portion" of the forward-looking economic cost of end-office switching is included in the definition of the statutory term "additional cost." This premise is also inconsistent with CRA's claim that "all inputs are considered variable." CRA White Paper at 7-8. Such a distinction between traffic sensitive and non-traffic sensitive costs would be irrelevant if CRA's notion of all inputs being variable implied that such inputs (and costs) then become traffic sensitive.

[10] CRA White Paper at 7, 8, and 15.

this phenomenon does not make such costs volume sensitive or traffic sensitive.[11] It is inappropriate to define the term "additional costs" using the misguided notion that all costs are "traffic sensitive" in the long run.

Second, even if misinterpretation of economic theory were allowed, such misinterpretation can be applied equally to the ILEC network. All of the costs of the ILEC network would be considered traffic sensitive in the long run (and thus "additional costs" subject to reciprocal compensation) following the CRA thread of logic. However, the Commission has held that the ILEC loop and line port costs may not be included in determining reciprocal compensation rates. The economics of ILEC loops and the loop-equivalents in the CMRS network are essentially the same. Yet the Commission has drawn the line at the end office switch for reciprocal compensation purposes. The same line should be drawn at the mobile switching center in the CMRS provider's network.

Specifically, the CRA paper does not address the Commission's determination that the only facilities eligible for inclusion in a reciprocal compensation cost study are those whose cost varies "in proportion to the number of calls terminated over these facilities." *Order* ¶ 1057. No analysis was done by CRA as to whether the elements of the CMRS provider's network beyond the mobile switching center have costs that vary "in proportion to the number of calls" carried over these facilities. By applying a broader definition of "additional costs" than that adopted by the Commission, Sprint PCS seeks to obtain compensation for elements of its network that are functionally and economically equivalent to facilities in the wireline carrier network that the

[11] For example, in 1996 the California Public Utilities Commission adopted a set of nine cost principles created under industry consensus to estimate Total Service Long-Run Incremental Costs. Principle 1 states that in the long run all costs are avoidable, while Principle 3 (and the definition of terms) notes the distinction between costs that are volume sensitive and those that are volume insensitive. Appendix C, adopted in CA PUC decision 95-12-016.

Commission has excluded from reciprocal compensation. Sprint PCS argues, for example, that the capacity of radio spectrum is not unlimited, and that as demand increases CMRS providers must either acquire additional spectrum or add additional cells.[12] A similar situation occurs with a wireline carrier's local loop. A "busy" signals occurs when two callers to a wireline customer attempt to use the local loop at the same time. As everyone with teenagers knows, when coincident demand for use of a local loop exceeds a certain level, additional line(s) will be obtained. The explosive demand for second and third lines by residential customers is clear evidence of this fact. Both the wireline local loop and the wireless loop equivalent exhibit the same "lumpy" economic cost characteristics that this Commission has declined to treat as "additional costs" for purpose of reciprocal compensation.

CRA appears to rely upon a notion that an element required to maintain service quality (e.g., circumstances that lead to blocked or dropped calls) should be categorized as traffic sensitive. (CRA at 12, 14). In the wireline network loop repair and maintenance functions are necessary to maintain quality of service. Limitations on line concentration in the feeder network, and augmentation of feeder and distribution capacity are also required to maintain quality of service. However, these costs (and other costs of the feeder and distribution network) have been excluded by the Commission from estimates of the additional costs of transport and termination. Obviously, this criterion cannot justify asymmetrical reciprocal compensation rates.

The strained attempt by Sprint PCS to characterize all of its costs (other than the handset) as "traffic sensitive" ignores the real issue, i.e., that the Commission should treat costs with similar economic characteristics consistently between carriers and technologies. That is why the Commission's rules require a comparative analysis if CMRS providers seek asymmetrical

[12] CRA White Paper at 12-13.

compensation. This requirement is totally ignored in the legal analysis and the CRA White Paper submitted by Sprint PCS.

V. Many of the cost components categorized as "traffic sensitive" by CRA are analogous to wireline loop facilities.

In evaluating the costs eligible for reciprocal compensation, it is critical that wireline and wireless cost components be treated consistently and symmetrically. However, many of the cost components characterized as "traffic sensitive" by CRA are analogous to the wireline loop. This can be illustrated in at least two ways.

First, consider the minimal network investments that must exist simply for customers to have the ability to place and receive a call. For example, what costs would be incurred if a customer placed and received only one call per month? In a wireline network, many of the same costs would be incurred in the feeder and distribution portions of the network in order to provide facilities necessary to create a telecommunications pathway from the customer premises to the serving central office. In order for Sprint PCS to offer customers the opportunity to place and receive calls, it must purchase spectrum, place structure and antennae and establish base transceiver systems. Therefore, these costs are not traffic sensitive and they do not vary "in proportion to the number of calls terminated over these facilities"(*Order* ¶ 1057). For both the landline and CMRS provider, these investments must be made even if customers were only offered the option to use the network for emergency purposes.[13]

Second, each network (wireline and CMRS) is likely to make additional investments as traffic increases and additional customers are added to the network. For the wireline company, additional loops are needed as the number of customers grows and as usage on existing loops

[13] Indeed, CMRS providers offer pricing packages with lower monthly rates and relatively high usage rates that are targeted to customers who purchase the service largely for emergency purposes or other infrequent use.

reaches the level that customers demand an additional line. Additional switching capacity is needed as usage grows, in part driven by additional customers. Similarly, in a CMRS network, additional costs may be incurred as the number of customers grows and as existing customers make additional use of the service. In both networks, additional costs may be the result of additional customers, additional usage by existing customers, or both. However, the Commission has already held that additional costs that result from inadequate loop plant are not included in the statutory definition of "additional costs" for reciprocal compensation purposes.[14] There is no legal, economic or policy reason to treat the loop-equivalent costs in the CMRS network any differently. Based on the Commission's decision to exclude the costs of loops and line ports from the cost of transport and termination for wireline carriers, the costs of spectrum, structure and antennae, and base transceiver systems should likewise be excluded from the cost of transport and termination for CMRS carriers.

VI. Asymmetric cost recovery for CMRS providers is inconsistent with the Commission's decisions regarding forward-looking costs.

The Commission has described in detail the method by which forward-looking economic costs are to be calculated for pricing interconnection and unbundled network elements. For example, the Commission's rules provide:

> (1) *Efficient network configuration.* The total element long-run incremental cost of an element should be measured based on the use of the most efficient telecommunications technology currently available and the lowest cost network configuration, given the existing location of the incumbent LEC's wire centers.[15]

The Commission's direction to use the most efficient, least cost forward looking technology constrains the degree to which CMRS costs can exceed those of the ILEC. For example, assume that Sprint PCS provides service in Atlanta with a footprint identical to the local service territory

[14] *Order*, ¶ 1057, fn. 2532.

of BellSouth Telecommunications (BST) in Atlanta. BST customers in this footprint will originate calls on the BST network that terminate on the Sprint PCS network and visa versa. Further assume that Sprint PCS calculates that its costs for transport and termination are twice those of BST. Such a calculation, for the same footprint, indicates that Sprint PCS has chosen a technology that is not the least-cost, most efficient available. Obviously, for the same footprint, the least-cost, most efficient technology is the lower of the two cost estimates (in this case, BST's costs).

The Benchmark Cost Proxy Model (BCPM), which was cosponsored by Sprint, is based on the least-cost, most efficient technology choices in fiber/copper placement, size and location of carrier serving areas, feeder and distribution routing, and other dimensions of network design. The BCPM, the HAI model and the Commission's HCPM (synthesis model) all embrace least-cost, most efficient technology choices that are not constrained to reflect existing technology choices or capital in place. Indeed, the BCPM provides a user-adjustable maximum value for a cost-per-loop. This cap was justified in part by the potential to serve high cost areas with CMRS rather than traditional wireline plant. This is the nature of least-cost, forward looking efficient cost estimates: they are not constrained by the actual technology choices of the carriers.

Sprint PCS may choose technology, functions, and features that produce higher network costs, including transport and termination costs. These investments may be appealing to the convenience/luxury/features segment of the market. Such investments may be profitable if they create products and services that generate sufficient revenue streams for Sprint PCS. However, the costs resulting from such choices do not satisfy the Commission's directive with regard to forward-looking, most efficient, least cost calculations. Actual technology choices by providers

[15] *See* 47 C.F.R. § 51.505(b).

do not determine the costs to be used for reciprocal compensation purposes. Obviously, the motivation behind the request by Sprint PCS to define "additional costs" differently for wireline and wireless carriers is to avoid this fact, and to justify asymmetrical reciprocal compensation by comparing apples to oranges. This the Commission should not and cannot do and be consistent with the statute.

VII. Other issues.

In the Public Notice the Commission seeks comment on whether and to what extent asymmetrical reciprocal compensation arrangements between wireline carriers and CMRS providers are likely to alter, for better or worse, the competitive balance between these carriers. Cellular and PCS are increasingly seen as competitive with wireline telephone service. As discussed above, it would clearly upset the competitive balance to allow wireless carriers to include their loop-equivalent costs in their reciprocal compensation rates while denying wireline carriers the right to include their loop costs in their rates. This can be avoided by applying a consistent concept of "additional costs" to both technologies. The Commission's rules contemplate consistent treatment by defining transport and termination to include the "equivalent facilities" of connecting carriers. Maintaining a level playing field is essential to Congress' goal of promoting local exchange competition, not favoring one set of competitors over another.

The Public Notice also asks for comment on whether Sprint PCS's assertion that certain wireless network elements are "shared resources" is relevant to the Commission's definition of "additional costs." Certainly structures (e.g., trenches, poles, conduit) are shared facilities in the landline local loop network; ILEC wireline structures are "shared" by multiple units of service, multiple customers and multiple services. Indeed, other firms in other industries (e.g., cable television and electric power providers) may even share these facilities. In addition, along a

feeder route from the digital loop carrier site to the serving central office there is no dedicated circuit. The fiber, electronics and structure along the feeder route are "shared" in the same way that CRA describes spectrum and antennae as being shared. Indeed, in a wireline network beyond any point of concentration facilities must, by definition, be shared. However, the Commission has determined that these costs of the loops and line port (including shared structure, shared electronics, and shared fiber) are not to be included in the cost of transport and termination. Obviously whether a function or network component is shared does not determine whether its costs are to be included in the costs of transport and termination.

Whether a resource is dedicated or shared is relevant to the question of the rate structure used to recover the cost, but is not determinative of whether the facility is an "additional cost" that may be recovered in reciprocal compensation. Even for cost recovery purposes, the Commission has found that the cost of some shared facilities may be recovered either through usage sensitive charges or other charges.[16] As CRA correctly notes, both dedicated and shared transport facilities are properly included in the "transport" reciprocal compensation element. "Shared" facilities may be priced on a per-minute basis while dedicated facilities are to be priced on a flat-rate basis.[17] The attempt by Sprint PCS to define "additional cost" in terms of "shared" facilities is inconsistent with the *Order* and the Commission's Rules.

It is noteworthy that Sprint PCS has the ability to share antennae, land, buildings and even some backhaul circuits with other CMRS providers. If these least-cost techniques were employed, there should be a substantial reduction in cost estimates.

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[16] *See* 47 C.F.R. § 51.509 (allowing local switching costs to be recovered through a combination of charges, and the costs of shared transmission and tandem switching may be recovered through a usage sensitive charge or a charge consistent with the manner in which the LEC incurs the costs.)

[17] CRA at 9, citing § 51.509(d) and (e) of the Rules.

The Commission should also recognize the rate structures currently in place for local calling. CMRS providers have traditionally relied upon traffic sensitive rate structures to recover much of their costs. Such rate structures can easily accommodate recovery of reciprocal compensation charges. In contrast, ILECs have traditionally been constrained to use flat rate local calling plans, particularly for residential customers. The ILECs do not generally have a mechanism to recover asymmetrical reciprocal compensation charges imposed on them by a CMRS provider. Any decision to allow or impose asymmetric reciprocal compensation structures would be inconsistent with existing rate structures, would bias the competitive balance, and would bias technology choices.

V. Conclusion.

The Commission's reciprocal compensation rules are clear. State commissions are applying them in a non-discriminatory manner as intended by the Commission. Sprint PCS's attempt to use the regulatory process to obtain an unfair and unearned competitive advantage should be rejected.

Respectfully submitted,

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Date: June 1, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this 1st day of June, 2000 served the following parties to this action with a copy of the foregoing **COMMENTS OF BELLSOUTH CORPORATION** by United States mail, postage prepaid or by hand delivery (*) to the addresses shown below.

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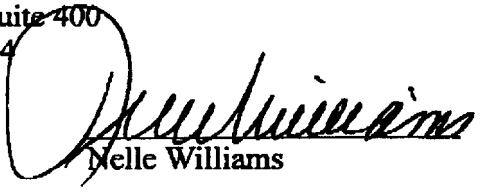

Nelle Williams

June 1, 2000